FOCUS | VIEWPOINT

Nation's Restaurant News

is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, N.Y. 10022
212 371-9400
Subscription Services, ext. 379 or 419
Cable Address: LEBHAFRIED
Panafax: 212 838-9487

Publisher JAMES C. DOHERTY
Editor CHARLES BERNSTEIN
Executive Editor Rick Telberg
News Editors Rick Van Warner, Tracey Taylor Woodard
Senior Desk Editor David Migdal
Special Projects Editors Joe Edwards, Peter J. Romeo
Senior Editors Marilyn Alva, Ken Frydman
Associate Editors Karen Bruno, Bill Carlino
Field Editor Rajan Chaudhry
Bureau Editors Richard Martin (West Coast Chief *Los Angeles*), Alan Liddle (*San Francisco*), Carolyn Walkup (Midwest/*Chicago*), Jack Hayes (*Atlanta*), Ken Rankin (*Washington*)
Copy Editor Michael Schrader
Desk Editors Jeanne Isenberg, Peter O. Keegan
Contributing Editors Stephanie Curtis, Florence Fabricant, Mort Hochstein, Atid Kaplan, Patt Patterson
Editorial Secretary Donnae Kerber
Art Director Milton Berwin
Graphic Artist Alice Fernandes-Brown

Eastern Area Managers Chris Kirkby, Mary Jo Romeo
Advertising Sales Coordinator Chris Hernandez
Production Manager Francine Rizzo
Research Director Anne Frasciello
Production Director Stan Kaufman
Associate Director Classified Teresa Loquercio
Classified Advertising Manager Leslie Wolowitz
Executive Director Circulation Ed Nessel
Controller Barry Okun

Group Publisher C. Reese Musgrave

Founder (1900-1981) Arnold D. Friedman

President J. Roger Friedman
VP/Publication Services Barry Braverman
Sr. VP/Group Pub. James deGraffenreid
VP/Planning Harry A. Estes
VP/Publishing Jay Forbes
VP/Finance James Granato
VP/Human Resources Richard D. Groberg
VP/Editorial Director David Q. Mahler
Sr. VP/Group Pub. C. Reese Musgrave

REGIONAL OFFICES

Atlanta 278 Spring Drive, Roswell, Ga. 30075, 404-998-6966
Boston 1 Gateway Center, Newton, Mass. 02158, 617-527-6394
Regional Manager James H. Malver
Cleveland Summit One Building, 4700 Rockside Road, Independence, OH 44131, 216-642-3420
Office Manager Martha MacVean
Area Manager John Blatnik
Chicago 444 N. Michigan Ave., Chicago, Ill. 60611, 312-644-8688
Regional Manager Edward Nessel
District Manager Gary Knuth
Area Manager John McGuire, Ed Weisbrod
Los Angeles 606 N. Larchmont Blvd., Los Angeles, Calif. 90004, 213-464-8321
Regional Manager John Donoghue
District Manager David M. Pittman
San Francisco 400 Montgomery St., Suite 1110, San Francisco, Calif. 94104, 415-362-2575
Regional Manager Dick Harrigan
Area Manager Steven Conca
Washington 17735 Striley Drive, Ashton, Md. 20861, 301-774-3895
Mgr., Corres. Ken Rankin
Correspondents Deane Evans, Nicole Miles
Japan Diamond-Friedman Ltd., Chain Store Age News, Japan 1-4-2 Kasumigaseki, Chiyoda-ku, Tokyo, Japan, 504-6750

ABC MPA ABP

Publisher of Nation's Restaurant News, Discount Store News, National Home Center News, Drug Store News, Accounting Today, Computer&Software News, Computer Product Selling, Chain Store Age Executive (with Shopping Center Age), *APPAREL merchandising*. Affiliates: Business Guides Inc., Lebhar-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

Subscriptions

Call (212) 371-9400, ext. 419
Having a problem with your subscription? Send us full details, including the mailing label from the last copy you received, along with your telephone number. We'll do everything possible to solve the problem at once. Write to Circulation Fulfillment Director, Nation's Restaurant News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079.

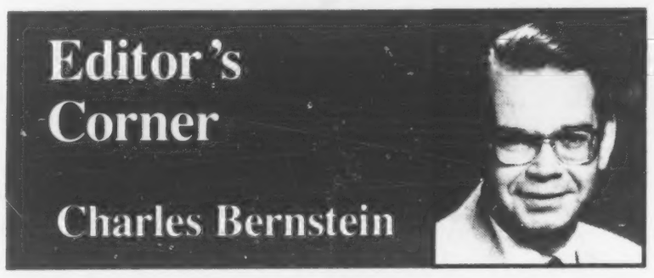
Permissions

Materials in this publication may not be reproduced in any form without written permission. Requests for permission should be directed to Nation's Restaurant News, publisher, Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022.

Eschew the excuses, seek opportunities

The long, hot summer was particularly harsh on restaurateurs and their traffic counts. Whether part of a trend caused by the greenhouse effect or just a fluke, the heat wave has had unfortunate consequences.

Even now, when things have cooled off, restaurants still seem to be in a slump. The continued dip is being blamed on everything from polluted waters off the East Coast and the resultant seafood scare to consumer uncertainty about the economic future. The government and its oppressive regulations also come in for a share of the blame — and deservedly so.



Some people contend that the inauguration of a new president Jan. 20 portends a real improvement in the restaurant climate, but everyone will just have to suffer in peace until then.

The moaning and groaning seem universal throughout much of the country. In the Chicago area, where unprecedented high temperatures occurred this summer, restaurateurs said that they were suffering and that take-out and home delivery were prospering as customers stayed home in air-conditioned comfort. (Couldn't these same customers also have enjoyed air-conditioned restaurants?)

In Los Angeles, which only heated up in September and actually enjoyed a relatively cool summer, declines in restaurant sales nevertheless were tied to "summer heat and people being away on vacation."

In New York the story was much the same with restaurateurs attributing falloffs to scorching weather. And in Washington not only the heat but also the election campaign, which has congressmen and officials campaigning around the country, were denounced for flat sales.

In Texas bank failures have struck a number of cities, putting a crimp in the economy and in restaurant profits. But the oil industry, so hard-hit for the past few years, is making a comeback.

The explanations have a ring of validity. But blaming a sales slump on hot summer weather doesn't make any more sense than previous efforts to link winter sales drops to bitter-cold weather.

Excuses abound when problems arise. But the key to successful managing is to look within to boost business rather than pinning declines on external factors.

The one development that has sent customer counts tumbling is saturation in almost every segment. This is a continuing dilemma, but no easy solution is at hand.

Anyone is free to open a restaurant (and to close it just as fast) in a free-enterprise system. Anyone can copy a concept and duplicate it almost to the last detail without being able to grasp the feel of it or the inner workings.

Let's stop griping about the things that we can't control; this just provides an excuse for not remedying the situation. The weather is cooler now and probably even pleasant in most cases, and yet restaurants still are experiencing flat or down sales.

The consumer today is far more fickle and selective than in the past, flitting capriciously from one restaurant to another. Since it is so difficult to attract streams of new patrons in the saturated restaurant environment, operators must find ways of wooing back the ever-elusive customer again and again.

Food-service employees can sense when management is down in the dumps. To gain momentum and climb to the top, it is necessary to focus on strengthening key areas—boosting customer loyalty and repeat business, training employees and building morale, weaving new items selectively into the menu, carving out an individual niche, and emphasizing intensive marketing and promotion.

It is time to forget about the weather, the economy, and the saturation and to focus on improving the situation—as successful food-service operators have done and will continue to do. Not even the government can be blamed for sales woes.

No matter how hostile the environment may seem, it is time to decisively and optimistically boost traffic.

LETTERS

Couponing must be done carefully for fine dining

Editor, NRN:

Mass couponing is one of the biggest marketing problems facing restaurants today. So, when I read Mr. Davis' response, "Coupons: a vehicle to encourage patrons — if used correctly," Aug. 29, to your June 13 article, "Fine-dining coupons flop," I had to respond to set the record straight.

Davis is wrong. His big advice was to "go with an exclusive direct mailer" instead of a package. Later he goes on to say that "coupons won't hurt you" if you have dealings with a certain direct mail firm. Nonsense.

Mass media marketing, aside from being a big expense, brings with it a major problem: loss of your regular price credibility. Once you start advertising coupons on a daily basis, you condition your customers to expect a deal every time.

Especially with a fine-dining restaurant, you have to take an even closer look at your target audience. Customers that frequent a fine dining restaurant are more likely to feel awkward than to feel cheap when they use a coupon. The customers that do use coupons are probably just coupon clippers and would not return again to play the regular price.

But if you used some "street smarts," you can distribute a "certificate" to "fine-dining" type customers structured in such a way that they're more likely to respond.

For example, a certificate can have "compliments of" along with the merchant's logo and manager's name. And the restaurant can still maintain its credibility.

I challenge Davis and his Shoppers Guide to provide that kind of service to the fine-dining establishments in that area.

Jeff Slutsky
president
Retail Marketing Institute
Columbus, Ohio

NRA, to do best job, must have support of everyone

Editor, NRN:

In your Aug. 29 issue, you printed a letter from an independent restaurateur criticizing the National Restaurant Association for representing both the fast-food and independent operators.

It is true that, by charter, the association represents all aspects of the for-profit food-service industry. Consequently, the association addresses a broad range of issues. Rarely does any issue create conflict between or among different segments.

Most issues affect the entire industry — that is, mandated benefits, Food and Drug Administration regulations, labor relations, and so on. In cases in which one segment is more seriously affected by a given issue, it is usually insignificant or "neutral" in relation to the unaffected segments.

But the association would have difficulty winning any issue if it did not represent the whole industry. In Washington, D.C., big industries with large voter constituencies are the major players. Those that are fractured do not command the attention of legislators and regulators.

It is only by acting together that we can successfully defend the best business interests of the total industry.

Jim L. Peterson
president
National Restaurant Association

Check the full record: the NRA does a good job

Editor, NRN:

I strongly disagree with Charles Sarkis' assertion in a letter to the editor published Aug. 29. He said the National Restaurant Association cannot serve the legislative needs of both the full-service and fast-food restaurants.

The record is clear. The National Restaurant Board and Government Relations staff have waged equally effective campaigns against non-deductibility of business meals and the minimum wage.

The same is true for each ill-founded government initiative that might adversely affect our industry — be it tax on FICA, tip reporting, or mandated health benefits. I have never found any evidence to suggest otherwise.

In fact, the ability of the industry to rally together regardless of which segment is under siege is one of the great strengths of the association.

I speak from personal experience. Our company has both full service (Chili's) and fast-food (Dunkin' Donuts) restaurants.

We feel the NRA represents the interest of both evenhandedly and effectively.

Robert M. Rosenberg
chairman of the board
Dunkin' Donuts Inc.
Randolph, Mass.

FOCUS | WILDFIRES

Cooke City wonders: Will tourism survive?

Residents of this community that borders Yellowstone's northeast entrance have done scarce business since the fires began—and are afraid tourism will never recover.

By Alan Liddle

COOKE CITY, Mont. — Though it will take decades, Yellowstone National Park should rise Phoenix-like, with richer and more varied vegetation, from the ashes of fires that have plagued the park and surrounding lands since June, biologists say.

But such long-range forecasts mean little to the restaurateurs of tiny, tourist-driven Cooke City at the park's northeastern entrance, most of whom say they will make little or no profit in 1988.

Pressed by business-related debts and the need to generate income, Cooke City restaurateurs and their counterparts in other communities near the park worry about the short term. What will the scorching of nearly half of Yellowstone mean to tourism in the next few years? they wonder.

"Chances are there will be enough business [in 1989] from the curious," Bill Humiston, speculates owner of the 80-seat Cooke Pass 2nd Edition restaurant. Referring to the barren topography left by recent firestorms, he adds, "Once they [visitors] see what has happened here—it's like 'moonsville'—it's hard to say how soon they'll be back."

Referring to the barren topography left by recent firestorms, Cooke Pass 2nd Edition restaurant owner Bill Humiston said, 'Once they [visitors] see what has happened here—it's like 'moonsville'—it's hard to say how soon they'll be back.'

Patricia Crabb, who, with her husband, Darrell, owns the nearby All Seasons motel and restaurant, agrees.

"We feel that next year the curious will show up, but after that, it [the fires] might have a negative impact on tourism," she says.

Cooke City, with a population that residents say ranges from 50 to 300 during the course of a year, is home to four restaurants: The All Seasons, Bear Tooth Cafe, Cooke Pass 2nd Edition, and Ma Parker's.

Crabb, estimating that her business would be off by as much as 30 percent for the year, reflects, "Had this [outbreak of fires] not occurred, it would have been a good season." As it turned out, she explains, "tourism here ended about July 28," or a full two months before the traditional close of a business season that stretches from five to nine months, depending on the operator.

In addition to the financial hardships caused by plummeting visitor counts, Cooke City restaurateurs have also faced personal trauma in recent weeks: They and other residents were twice ordered out of town by authorities in early September as flames from the Storm Creek Fire loomed dangerously close. A few of the area's summer homes and outbuildings were destroyed on those occasions, but no lives or businesses were lost.

With such a gloomy pall hanging over Cooke City, one might expect the local pub business to be booming. That is not so, says Mort Morton, who volunteers that he is the owner of the Elkhorn Bar, Elkhorn Lodge, and Ma Parker's restaurant but "no relation of the [Morton] Salt people."

"It's been mediocre, nothing to brag about," Morton says of his saloon sales. "About the only thing doing well is our [coin-op] laundry," he adds, explaining that many of the 800 firefighters in the area were flocking in to clean their soiled duds.

Also picking up some business from firefighters were the Crabbs, who defied evacuation orders to keep their All Seasons open. They won the patronage of some news crews as well, but their achievements proved bittersweet.

"The rooms are full, but these people are eating breakfast and going out for the entire day. And helicopter [firefighting] teams and reporters don't buy gifts," Patricia Crabb says, referring to lost lunch covers and missed high-margin giftshop sales.

Because most of the All-Seasons' college-age employees were ordered home to their respective communities by worried parents, responsibility for running the motel and restaurant eventually fell squarely onto the shoulders of the Crabbs and their one remaining staffer. The shortage of help led to a change in operations.

"We can't sell [à la carte] steak and seafood; we have to serve buffets at half the price," Patricia Crabb says.

At one point, after reflecting on her immediate situation for a moment, she confesses: "When you consider everything, it's not bad: the money coming in compared to payroll [and other costs]."

However, it isn't long before the 46-year-old hotelier-restaurateur pipes up in a weary voice, "But [then again,] I've been doing this—making beds, cleaning, cooking, and serving for a week now. And I'm starting to run out of energy."

Crabb says she and her husband just kept working because, "We know we have to get this [business] while we can to hold us over."

Cooke Pass 2nd Edition owner Humiston indicates that he and his wife, Joan, also will be making sacrifices to get through the slow months ahead.

"We'll just have to go find work for the winter to tide us over," he explains. "We'll probably go cook in some other cafe, or I'll go do laborer-work somewhere."

BREAKDOWN OF 1987 GROSS RECEIPTS BY COMPANY

The Caterers, Las Vegas, Nev.	$3.75 million
Bishop Services, Goldendale, Wash.	$3.6 million
O.K.'s Co., Seattle, Wash.	$2.74 million
Nu Way Catering, Lander, Wyo.	$1.57 million
Stewart's Catering, Lakeview, Ore.	$1.1 million
Nooner Food Service, Bakersfield, Calif.	$972,000
Big Sky Catering, Missoula, Mont.	$623,000
Black Hills Catering, Rapid City, S.D.	$554,000
Henry Daniel's Catering, Denver, Colo.	$365,000
Western Catering, Arco, Idaho	$313,000
Dale Banks Catering, Las Vegas, Nev.	$306,000
Houston's Trails End, Kanab, Utah	$244,000

*These figures refer only to monies received in accordance with national catering contracts between the following companies and the Boise Interagency Fire Center (B.I.F.C.), Boise, Idaho. The figures include revenue from mileage stipends as well as compensation for catering servcies.

Source: Richard Denker, B.I.F.C. contracting officer.

Fire camp caterers do best when nature is at its worst

By Alan Liddle

BOISE, Idaho — Fire camp caterers can take steps to win more assignments, such as warehousing equipment in several states, but the success of their business ultimately depends on the whims of nature and the ability to survive slow years.

As veterans like John Keener of Seattle-based O.K.'s Co. explains things, a catering company might have to turn away business in a year when lightning storms touch off a large number of wildland fires in its area of strength.

However, they say, that same caterer could go a whole season or longer "without turning a wheel" if weather patterns deviate from the norm in a way that reduces the likelihood of fire.

"It can cost from $150,000 to $400,000 just to gear up [for a fire season]," Keener says, "and there are seasons you don't get it back—a number of seasons."

The O.K.'s Co. official says his firm has a "Rainy Years Reserve" to help get through slow seasons. That reserve is funded with up to half of the company's earnings in good years when pretax margins can range from 15 percent to 20 percent of sales, he notes.

Among the nation's highest-volume fire camp caterers are the 12 Western companies that contract with the Boise Interagency Fire Center in Boise, Idaho. Under the current contracts, which expire this year, the caterers are paid from $25.60 to $28.45 per person per day for three meals and an equipment hauling stipend of $7.20 to $8.40 a mile, whenever they work a fire.

But those potentially lucrative contracts come with a price—the large capital investment required to buy and maintain the equipment BIFC wants its caterers to use.

It's the investment in gear such as mobile kitchens capable of feeding 350 people an hour, refrigerated vans, pantry trailers, and water-tanker trucks that make the slow years doubly hard to take, Keener, a BIFC contractor, notes.

Keener estimates he and his partners have a capital investment of about $1.5 million in O.K.'s Co. Because of the high stakes and sporadic workload, he compared fire camp caterers with race track regulars who sit around waiting for long shots.

Some caterers, however, go broke waiting for their long shots to make a move, BIFC contracting officer Richard Denker confirms.

The O.K.'s Co. official says his firm has a 'Rainy Years Reserve' to help get through the slow seasons. That reserve is funded with up to half of the company's earnings in good years.

"I'd say we've lost four to five [contractors] in the last three to four years," he says.

BIFC oversees national fire camp catering contracts because its job is to coordinate local, state, and federal agencies when they jointly battle major fires. Its dispatchers call a contract caterer whenever officials at a multijurisdictional fire determine their crews will consume more than 600 meals before the blaze is out.

Denker says his agency has used commercial caterers for 15 years.

"We used to do quite a bit of our own cooking at fires," he recalls. "But we found that we could free up our people to do other things if we brought in people with experience in procurement, cooking, and food handling. We also found we could get a better meal to our firefighters for less money."

10/17/88 C550-5

NEWSPAPER

Dietworks test panel puts customers to work
Purchasing and Commodities/Page 14

Bigger kitchens n... -necessarily bette...
Focus section ... page ...

...ses ...us
...ge 54

00133900
MS JEANNE LONG
CONGRESSIONAL INFORMATIO 109
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814
NR

Nation's
Restaurant News®

The Weekly Newspaper of the Food-Service Industry

Vol. 22, No. 41 | Published every Monday by Lebhar-Friedman Inc.; $3 a copy, $26.50 a year | October 10, 1988

NRA's Peterson vows to double membership for Washington clout

By Charles Bernstein

WASHINGTON — Jim Peterson, 1988-89 National Restaurant Association president, vowed that before the end of his term next May he would enact a full-scale plan to double the National Restaurant Association's membership over the next three years.

"We must do it to have the necessary impact on the government," he declared in a dramatic plea at the NRA's fall board meeting in the Capital Hilton here. "When we go to Washington, we have to be able to represent ourselves as a fully unified industry. The only way we can achieve this is through a much larger membership."

Under Peterson's plan, an all-out drive would ensue to enroll members of state associations as automatic members of the NRA. Ohio and South Carolina have just agreed to this joint membership program, effective in 1989, and six other states with a combined total of 4,530 member companies are already in

*(See **PETERSON**, page 78)*

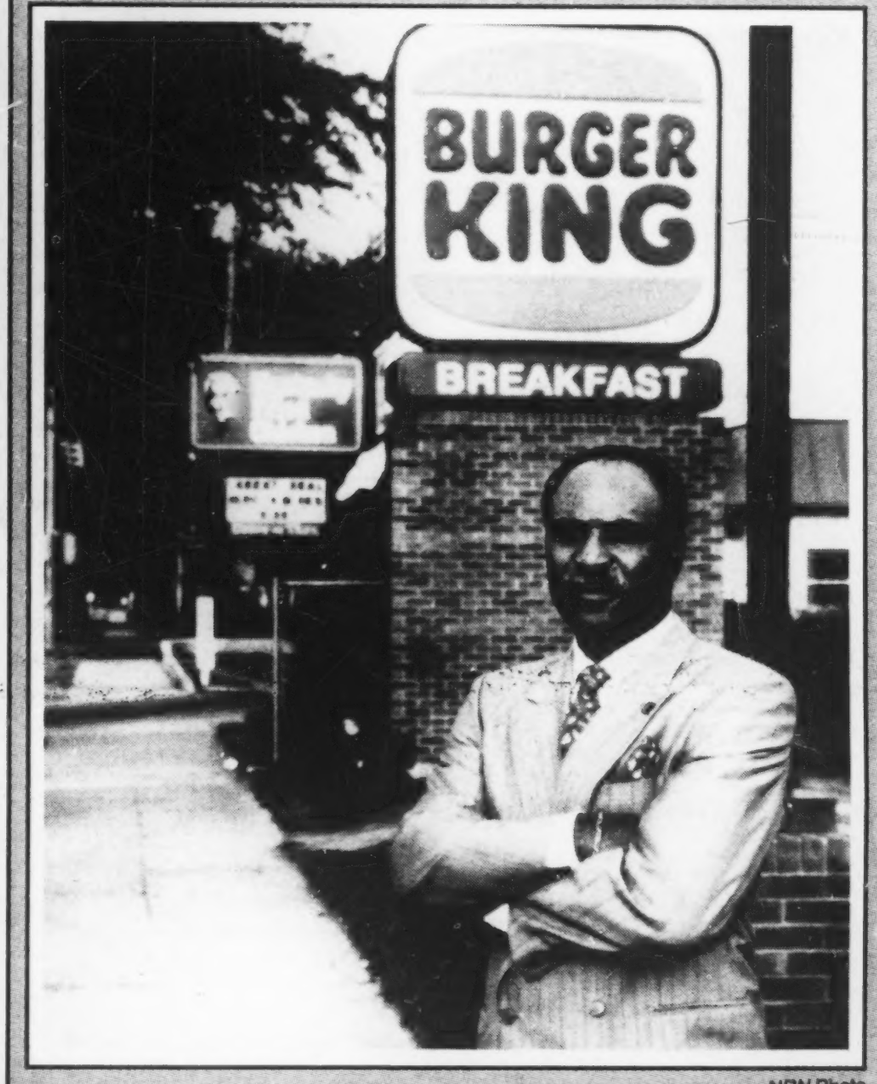
Senate filibuster kills '88 wage-hike hopes

By Ken Rankin

WASHINGTON — The failure of congressional leaders to break a Senate filibuster against a bill raising the federal minimum wage appears to doom prospects for any hike this year, according to food-service industry lobbyists, who have been battling a wage raise for nearly two years.

Although the legislation might still be reintroduced at any time up until Congress adjourns for the election campaign early this month,

*(See **WAGE BILL**, page 78)*



NRN Photo

Brady Keys Jr. stands next to two of his Detroit franchises.

Keys opens doors for minorities

By Bill Carlino

DETROIT — When Brady Keys Jr. hung up his jersey after seven seasons in the National Football League, he found the transition from football to fast-food franchisee harder than tackling Jim Brown head-on.

"In 1967 minorities just weren't granted fast-food franchises," said the 50-year-old former defensive back for the Pittsburgh Steelers, Minnesota Vikings, and St. Louis Cardinals. "I was shocked at how tough it was to be taken seriously. I wanted to go into the restaurant business, but I couldn't get financed."

Nearly 22 years later, Keys, the self-proclaimed "godfather of minority franchising," orchestrates a fast-food empire that includes 13 Detroit-based Burger King stores and

*(See **KEYS**, page 4)*

TW Services tells Coniston 'No deal'

By Peter J. Romeo

NEW YORK — TW Services, a food-service giant with proven skill at eluding takeovers, has pitted itself against one of the nation's wiliest corporate raiders by spurning the acquisition overtures of Coniston Partners.

After stealthily amassing a 19.1-percent stake in TW, Coniston invited its prey's management to meet and discuss the possibility of a merger. It even asked TW's top two executives, chairman Frank Salizzoni and president Jerry Richardson, to participate in a Coniston-led buyout of their employer.

But Salizzoni fired back a curt "no deal."

"In view of the bright op-

*(See **TW SERVICES**, page 78)*

FOOD WATCH

No bull

What's three-eighths American buffalo and five-eighths domestic cattle?

Beefalo, of course.

Slightly sweeter-tasting, but with less cholesterol and fat and more protein than traditional beef, this hybrid is gaining acceptance on menus.

At The Post House in New York, the carpaccio is made of beefalo, not traditional beef.

And in Tate, Ga., Lavoygie Green opened the Gourmet Beefalo Diner last month.

The 35-seat restaurant sells only barbecue and beefalo burgers ($1.95 or $2.25 for the deluxe burger), which, he says, have only 3 percent fat.

"There's incredible demand for a low-fat meat," Green said.

— Karen Bruno

NRN's '88 EAT/EAR Award winners named

By Marilyn Alva

MUFSO '88

WASHINGTON, D.C. — Stuart Anderson's Black Angus Restaurants, Ponderosa, and Little Caesars were among the big winners last week in Nation's Restaurant News' third annual Excellence in Advertising on Television — EAT — awards competition for the food-service industry.

And for the first time, best restaurant radio commercials also were given recognition as well in the inaugural Excellence in Advertising on Radio, known as EAR, awards. Mister Donut of America and Sizzler Restaurants were two of the 13 food-service chains that won radio awards in various categories.

The advertising honors, the only ones to specifically recognize outstanding commercials in the food-service industry, were presented at NRN's Multi-Unit Food Service Operators Conference held at the Washington Hilton and Towers. Co-sponsors of the competition were the Television Bureau of Advertis-

*(See **EAT/EAR AWARDS**, page 78)*

CHARLES BERNSTEIN ON THE RIESES: TOO MUCH OF A GOOD THING

BEST AVAILABLE COPY

INSIDE NRN

News

Restaurant menus fall into seasonal changes 7
Chefs, hostess in bistro venture 14
PFM names Saleski, Gerhes 14
Japanese firm to buy Chicago Hyatt 16
Domino's hires Raymond 16
AH&MA video focuses on hospitality sales 22
Drive-thru-only comes to A&W 22
CIA names Holtmann instructor 54
Seastone ousted from Walgreen 55
NAFEM seminar focuses on export tools 62
Perkins franchisee taps Hackett 62
Industry to see some bright spots in '89 63
Dynamic duo resuscitates Brenna's 75
Sysco taps Kurz 75

Focus

Section follows page 26
Cover Story/Great Chefs & Their Kitchens F14
Bernstein/The Rieses: too much of a good thing ... F3
Rankin/FTC takes stance against takeovers F4
Festival for LA Meals on Wheels F9

Columns

Patterson/Dietworks puts customers to work 14
Hochstein/US drinking trends shift 22
Edwards/Odeon endures when trendiness fizzles .. 54

Food

Fabricant/Ending notions about venison 11
Swiss chef at resort 11
America inspires Cityscale 11
Top chefs pose for calendar 11
Chefs celebrate Routh Street 11
Cocorico rolls brasserie menu 11
What's Hot/Tampa, Fla. 11

Marketing

BK jumps in checkers promo 12
Jack in the Box launches tag line 12
CyBelle's rallies for homeless 12
Taco Time to promote fajita burrito 12
Florentine enters retail market 12
Ad Watch/Naugles, Del Taco 12

Financial

Consul inches toward black 76
Interest skims Marriott profits 76
New units boost Uno profits 76
Circle K acquires 538 c-stores 76
TCBY founder sells 4 percent 76
Fuddruckers profits dip 13 percent 76

Features

F.I.R.S.T. instructions ..19
Reporters' Journal F4
Stock table 77
Calendar F17-F25
Advertiser index 76
Flashback F4
Letters F3
Classified 67-75

NRN Directory

For your own subscription to Nation's Restaurant News, call toll-free 1 (800) 262-9500.

All other business, call (212) 371-9400 and extension:

Newsroom 285
Display advertising 404
Classified advertising 492
Subscription problems 419

Subscription rate: Food-service operators and wholesalers/distributors, one year, $26.50, two years, $44.50. Auxiliary (consultants, architects, designers, manufacturers, suppliers, and schools) and all others, $59.

Nation's Restaurant News (ISSN 0028-0518) is published weekly, every Monday except the last Monday in December, by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Second-class postage paid at New York, N.Y., and additional mailing offices. POSTMASTER: Send change of address to: Subscription Department, Nation's Restaurant News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079.

For change of address, please write Subscription Department, Nation's Restaurant News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. Six weeks' notice is requested. Please send old and new address and zip codes. If possible, include mailing label.

Vol. 22, No. 41 October 10, 1988

NEWS DIGEST

Piccadilly inks $33M deal to buy Ralph & Kacoo's

BATON ROUGE, La. — In an attempt to diversify beyond the beleaguered cafeteria segment, Piccadilly Cafeterias Inc. has agreed to buy the Ralph & Kacoo's seafood dinner-house chain for $33 million in cash and the assumption of certain liabilities.

Ralph & Kacoo's operates six gymnasium-sized restaurants with that name in Louisiana and Texas. Current owners Ralph and Catherine Olinde will be retained as consultants, Piccadilly said.

"We'll continue to run it just as it is: same people, same concept, same menu — same everything," said Rodney Garrison, Piccadilly's executive vice president and chief financial officer.

Piccadilly, which is based here, operates 125 cafeterias in 14 Southern states.

Ramada mulls restructuring as means to thwart Pritzkers

PHOENIX, Ariz. — Ramada Inc. chairman Richard Snell said the hotel and restaurant company might restructure or pursue other "alternative directions" in mid-October to avert a possible takeover by the Pritzker family of Chicago.

Snell's disclosure came two days after he met with Jay Pritzker, who is leading his family in an attempt to buy Ramada. At the session Pritzker reiterated his offer to purchase the hospitality company for $10 per share. He also volunteered to guarantee in the merger agreement that Ramada would be given enough time to pursue more attractive bids.

Snell said he again rejected the proposal, commenting that he saw "no substantive difference" between the new offer and the $10-per-share bid tendered in early September.

Le Côte Basque's Rachou details plans for a bistro

NEW YORK — Jean Jacques Rachou, chef-owner of the famed Le Côte Basque restaurant here, said he plans to open a bistro called Chez Rachou on the East Side in early November.

The new place is expected to sport a menu of country-style French fare, including such standards as cassoulet and coq au vin.

Le Côte Basque is widely regarded as one of the city's and the nation's top French dining rooms.

Grand Met sets sale of Inter-Continental

LONDON — In another sale of a major hotel chain to Japanese investors, Grand Metropolitan PLC has agreed to spin off its Inter-Continental lodging group to Saison Group for $2.27 billion in cash.

When Grand Met disclosed the deal, it mentioned that it would probably plow the proceeds into the acquisition of another business. However, the distiller did not indicate what type of company would be hunted.

Saison Group reportedly outbid a number of U.S. companies, including Marriott Corp., the Bass brothers, and a high-powered Chicago hotel investor called VMS Realty Partners.

Recently, Aoki Corp., another Japanese investment giant, acquired the Westin hotel chain. Japanese investments in U.S. real estate have been climbing because of the yen's strength against the dollar.

Biologists see shortfall of Alaskan king crab

ANCHORAGE, Alaska — A shortage of red king crab here is expected to push prices skyward and send restaurateurs nationwide clawing for crab meat.

Biologists estimate this year's crab harvest will plunge to 7.5 million pounds, 40 percent below last year's 12.3 million pounds.

Earlier in the year biologists, who have no explanation for the decline, projected the supply would increase 20 percent to 30 percent.

Hardee's licensee hires adviser to assess 'options'

ROCKY MOUNT, N.C. -- Franchise Enterprises, a 126-unit Hardee's licensee here, said it has retained a West Coast financial adviser to investigate several "strategic options," including a possible sale of the company.

Franchise, which is privately owned, stressed that it has not yet been approached with an offer.

The financial adviser is Montgomery Securities, a San Francisco-based brokerage house.

Wendy's drops foam boxes, switches to paper, foil

DUBLIN, Ohio — Wendy's has replaced its foam-style sandwich containers with paper and foil wrappers to comply with the industry's voluntary abandonment of packaging materials that damage the atmosphere.

The fast-food chain has also stepped in that direction by replacing its coffee cups and disposable plates with new versions that are not made with chlorofluorocarbons, which damage the sun-screening ozone layer of the earth's atmosphere.

The major fast-food operations have agreed that by January they will cease their use of packages that contain CFC.

Ark opens a French bistro in switch from usual scale

NEW YORK — Ark Restaurants has opened an 80-seat French restaurant called Poiret at 474 Columbus Ave. near 82nd Street.

Poiret features regional dishes and some bistro classics, such as cassoulet, steak frites, and grilled chicken, but executive chef Bill Laylor said the menu is still evolving. Average per-person checks are expected to be about $25.

Poiret represents a departure for Ark, whose other restaurants, including Ernie's, America, and B. Smith's, are much larger and have a lively bar scene. The new place has only a service bar.

New Jersey assembly eyes tougher non-smoking law

TRENTON, N.J. — A bill introduced into the state legislature here would replace the voluntary no-smoking rules that restaurateurs have been asked to follow since December 1985.

The new regulations would require eating places with more than 40 seats to designate 25 percent of their dining rooms as non-smoking areas.

At present restaurants are only required to post signs stating whether or not a place has a no-smoking area. That law encourages dining outlets with seating for 40 or more people to set aside a quarter of the seats for non-smokers. But operators are not required to oblige.

New Jersey health commissioner Molly J. Coye has indicated that she would prefer even more stringent anti-smoking measures than the bill currently under consideration in the assembly.

Papa Aldo's adds yogurt to maintain steady sales

PORTLAND, Ore. — Papa Aldo's, the 120-unit take-and-bake pizza chain, has added frozen yogurt to its limited menu in an attempt to smooth out seasonal sales fluctuations.

"The peak season for take-and-bake pizza is December, January, and February, and the slowest period is the summer," explained Dennis Steinman, the regional chain's director of franchising. "The peak season for frozen yogurt is June, July, and August, and the slowest period is December, January, and February."

Franchisees can choose either soft-serve or hard-pack frozen yogurt. They can also offer "mix-in" treats, such as the candies and crumpled cookies that Steve's Ice Cream and other snack specialists blend with their ice cream.

Papa Aldo's signature item is a ready-to-bake pizza that patrons heat and eat at home.

FOCUS | VIEWPOINT

Nation's Restaurant News

is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, N.Y. 10022
212 371-9400
Subscription Services, ext. 379 or 419
Cable Address: LEBHAFRIED
Panafax: 212 838-9487

Publisher JAMES C. DOHERTY

Editor CHARLES BERNSTEIN

Executive Editor Rick Telberg
News Editors Rick Van Warner, Tracey Taylor Woodard
Senior Desk Editor David Migdal
Special Projects Editors Joe Edwards, Peter J. Romeo
Senior Editors Marilyn Alva, Ken Frydman
Associate Editors Karen Bruno, Bill Carlino
Field Editor Rajan Chaudhry
Bureau Editors Richard Martin (West Coast Chief *Los Angeles*), Alan Liddle (*San Francisco*), Carolyn Walkup (Midwest/*Chicago*), Jack Hayes (*Atlanta*) Ken Rankin (*Washington*)
Copy Editor Michael Schrader
Desk Editors Jeanne Isenberg, Peter O. Keegan
Contributing Editors Stephanie Curtis, Florence Fabricant, Mort Hochstein, Atid Kaplan, Patt Patterson
Editorial Secretary Donnae Kerber
Art Director Milton Berwin
Graphic Artist Alice Fernandes-Brown

Eastern Area Managers Chris Kirkby, Mary Jo Romeo
Advertising Sales Coordinator Chris Hernandez
Production Manager Francine Rizzo
Research Director Anne Frasciello
Production Director Stan Kaufman
Associate Director Classified Teresa Loquercio
Classified Advertising Manager Leslie Wolowitz
Executive Director Circulation Ed Nessel
Controller Barry Okun

Group Publisher C. Reese Musgrave

Founder (1900-1981) Arnold D. Friedman

President J. Roger Friedman
VP/Publication Services Barry Braverman
Sr. VP/Group Pub. James deGraffenreid
VP/Planning Harry A. Estes
VP/Publishing Jay Forbes
VP/Finance James Granato
VP/Human Resources Richard D. Groberg
VP/Editorial Director David Q. Mahler
Sr. VP/Group Pub. C. Reese Musgrave

REGIONAL OFFICES

Atlanta 278 Spring Drive, Roswell, Ga. 30075, 404-998-6966
Boston 1 Gateway Center, Newton, Mass. 02158, 617-527-6394
Regional Manager James H. Malver
Cleveland Summit One Building, 4700 Rockside Road, Independence, OH 44131, 216-642-3420
Office Manager Martha MacVean
Area Manager John Blatnik
Chicago 444 N. Michigan Ave., Chicago, Ill. 60611, 312-644-6688
Regional Manager Edward Nessel
District Manager Gary Knuth
Area Manager John McGuire, Ed Walsbrod
Los Angeles 606 N. Larchmont Blvd., Los Angeles, Calif. 90004, 213-464-8321
Regional Manager John Donoghue
District Manager David M. Pittman
San Francisco 400 Montgomery St., Suite 1110, San Francisco, Calif. 94104, 415-362-2575
Regional Manager Dick Harrigan
Area Manager Steven Conca
Washington 17735 Striley Drive, Ashton, Md. 20861, 301-774-3895
Mgr., Corres. Ken Rankin
Correspondents Deane Evans, Nicole Miles
Japan Diamond-Friedman Ltd., Chain Store Age News, Japan 1-4-2 Kasumigaseki, Chiyoda-ku, Tokyo, Japan, 504-6750

ABC MPA ABP

Publisher of Nation's Restaurant News, Discount Store News, National Home Center News, Drug Store News, Accounting Today, Computer&Software News, Computer Product Selling, Chain Store Age Executive (with Shopping Center Age), *APPAREL merchandising*. Affiliates: Business Guides Inc., Lebhar-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

Subscriptions

Call (212) 371-9400, ext. 419
Having a problem with your subscription? Send us full details, including the mailing label from the last copy you received, along with your telephone number. We'll do everything possible to solve the problem at once. Write to Circulation Fulfillment Director, Nation's Restaurant News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079.

Permissions

Materials in this publication may not be reproduced in any form without written permission. Requests for permission should be directed to Nation's Restaurant News, publisher, Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022.

The Rieses: too much of a good thing

The Kansas City-based Gilbert/Robinson empire was once a mighty grouping under founders Paul Robinson and Joseph Gilbert and president Kenneth Hill. After W.R. Grace acquired G/R eight years ago, the empire — sparked by Houlihan's — expanded and still seemed to thrive.

But Robinson, the master designer and concept genius, essentially dropped out of the main picture, and then Hill decided to return to his entrepreneurial origins as president of the then fledgling T.J. Cinnamons chain. That has turned out to be a happy ride for Hill with a rapid expansion to some 300 units.

Hill's departure resulted in a split leadership: Richard May became president of G/R's specialty restaurants division and Frederick Hipp president of G/R's casual dining division (mainly Houlihan's and Darryl's). Then Norman Habermann's Irvine, Calif.-based Restaurant Enterprises Group took over these and other units from Grace in a leveraged buyout of 690 restaurants for $537 million.

Now, to reduce the enormous debt he accumulated for his leveraged buyout group, Habermann is selling off Gilbert/Robinson. Sixteen specialty restaurants are going to a company headed by Richard May and Paul Robinson, while 107 restaurants, including 56 Houlihan's and 11 Darryl's, are slated to come under the wing of the Riese Organization in an estimated $200 million deal. Five Long Island El Toritos, the Bristol Bar & Grill seafood chain, the Buena Vista Cafe in San Francisco, and Charley's Place would be part of the transaction with Riese, too.

Hipp would continue as G/R president in charge of his management group operating the casual-type restaurants for Riese. Nevertheless, completion of the agreement would in effect mark the dissolution of the Gilbert/Robinson empire and the emergence of the Riese brothers as the controlling force.

This would vastly expand the restaurant influence of Murray Riese and his brother, Irving, the Riese Organization's founders and guiding forces for half a century. They already own a multiplicity of fast-food and other franchises in the New York area — including Houlihan's New York franchise — but the G/R deal is a real coup for them.

Riese is New York area franchisee for 24 chains, including Pizza Hut, Dunkin' Donuts, KFC, Roy Rogers, Häagen Dazs, and Nathan's, among others. It is believed to control some 350 restaurants doing well over $300 million in annual total sales.

Long regarded as premier real-estate magnates with restaurants and other holdings literally almost on every corner of New York and in numerous grouped complexes, the Riese brothers have aspired in the past few years to become known more for their restaurants than for their real estate. They certainly have moved to the forefront, while Dennis Riese, Murray's son, mainly operates the New York area TGI Friday's franchise as president of Riese New York.

Murray Riese, who has dropped his longtime image of inaccessibility for a policy of dealing openly with the press and touting restaurant achievements rather than hiding them, indicates he aspires to move Houlihan's into every major market on the U.S. while opening hundreds over the next several years. He is talking in terms of 1,000 total restaurants nationally for the Riese Organization within five years.

Murray Riese may want to outdo Dennis Riese and become known as the great chain restaurateur of the age. Yet his plans put him in further competition with Dennis' TGI Friday's units.

We like the more open aspects of Murray Riese's new approach, seeking maximum exposure and publicity rather than trying to hide everything. But if he really intends to roll out Houlihan's at such a pace, that would take him well out of the entrepreneurial league which has made him so successful and put him in the W.R. Grace league and that of other conglomerates whose goal is to launch more and more restaurants.

Furthermore, he is dealing with a somewhat saturated casual-theme concept. This is a crowded segment featuring Houlihan's, TGI's, Bennigan's, and Houston's.

While the plans could mark another sad chapter for the once-great Gilbert/Robinson restaurant company, they also could be a disaster for Riese. We would urge caution here and throughout the industry in the pell-mell process of constant acquisitions and rapid expansion.

Say it isn't so, Murray. Or at least recognize that Houlihan's quality will be further jeopardized if it expands at too fast a pace.

LETTERS

'Franchisor abuse' not suffered by majority

Editor, NRN:

In reaction to the front-page story "Fast feeders fight franchisor abuse," Sept. 5, all I can say is, Where's the beef?

We're all concerned about the ongoing relationships between franchisors and franchisees. Each one needs the other in order to be successful, and despite the suspicions that were aired in the recent congressional subcommittee hearing, neither has the power to dominate the other, nor is it in the interest of either one to try.

So it's unfortunate when an article appears in NRN that almost totally highlights the side of what is in reality a tiny, strident minority among many thousands of solid business relationships in franchising. This can be verified through the only hard numbers available, those maintained yearly by the U.S. Department of Commerce, which were unfortunately buried at the end of the article.

Those numbers clearly show that among the nearly quarter-million franchised outlets in 1986, less than 3 percent were terminated, with slightly more than half at the initiative of the franchisee. Of the nearly 13,000 franchise arrangements up for renewal that year, 93 percent were renewed.

Certainly there are isolated problems in some systems, but to legislate solutions that would create onerous burdens for the majority with strong bonds is not the answer.

William B. Cherkasky
president and chief operating officer
International Franchise Association
Washington, D.C.

Thanks for dedication to news, annual award

Editor, NRN:

It is a great honor to be selected as one of the six Golden Chain Operators for 1988.

Thanks for your determined approach to reporting the news of the industry through the years. You and your entire staff have contributed greatly to improving relations and communications throughout the industry.

Hal W. Smith
president
Chi-Chi's Restaurants
Louisville, Ky.

Hats off to Levin on work with the Phoenix House

Editor, NRN:

It was heartwarming to read your July 18 story of Stuart Levin and his recent return to the industry. It's certainly a challenge for those at the Phoenix House to be all that they can be and take pride in the work they can learn to produce at the tutelage of such a master.

This is certainly a win-win situation. The residents at Phoenix House get the best teaching possible. They enhance their image and self-worth, and they become participatory members of a productive society.

Hats off to Stuart Levin, who has served the best. How rewarding to see that he is helping others be all that they can be.

—Paul G.W. Fetscher
president
Great American Brokerage Inc.
New York

Bean counters: dirty job, but someone has to do it

Editor, NRN:

Re: Charles Bernstein's Aug. 29 Editor's Corner, "Replace bean counters with entrepreneurs," I'm sick and tired of you guys always picking on bean counters.

The fact that these people focus their vision on the bottom line is really not all bad.

I'm one entrepreneur who can say, "Some of my best freiends are bean counters." Besides, it's a dirty job, and someone has to do it.

—Hal D. Sieling
Hal Sieling and Associates
Carlsbad, Calif.